



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

BOARD OF SUPERVISORS

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December 1, 2005

The Honorable Board of Supervisor
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT NO. 6 TO THE THIRD-PARTY RESOURCE
IDENTIFICATION AND RECOVERY SERVICES AGREEMENT**
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Director of Health Services, or his designee, to sign Amendment No. 6, substantially similar to Exhibit I, to the Third-Party Resource Identification and Recovery Services Agreement with USCB, Inc., Contract No. H-210552, which allows the Director to negotiate the contingency fee rate paid to USCB, Inc. for recovery of Medi-Cal Managed Care Differential Billing (or GAP billing), and other various third party billing programs' revenues, at a percentage rate no greater than a total of 25% of the total recovered revenues received by County during the agreement term.
2. Delegate authority to the Director of Health Services, or his designee, to replace the existing Agreement with USCB, Inc. (No. H-210552) with a new Agreement, effective July 1, 2006 through June 30, 2007, with four one-year automatic renewals through June 30, 2011, subject to review and approval by County Counsel.

PURPOSE OF THE RECOMMENDED ACTION/JUSTIFICATION:

Approval of the recommended actions allows the Department of Health Services (DHS or Department) to adjust contingency fee rates paid for GAP billing and other various third party billing to a percentage rate no greater than 25% during the agreement term, and to

enter into a replacement Agreement with USCB, effective July 1, 2006 through June 30, 2007, with four one-year automatic renewals through June 30, 2011.

The contractor who had been performing safety net GAP billing at 22.5% contingency fee has discontinued providing services since they found it not cost effective due to the small payment rates received. Adjustments to the contingency fee rate will allow the Department to adjust contingent fee percentages for GAP billing and other various third party billing programs to ensure the continuation of revenue recovery services.

USCB has extensive knowledge, experience, and existing systems in place to effectively perform TPRIRS at the level and speed required for successful reimbursement. USCB has become an integral part of generating revenue for DHS. Since there would be a long learning curve for another contractor to successfully perform TPRIRS, the Department believes that replacing USCB with another contractor would place revenue collection at risk. It is in the best interests of the County to renew the existing agreement with USCB for provision of TPRIR, rather than to conduct a competitive solicitation, to ensure continued and uninterrupted TPRIRS services at the DHS facilities.

FISCAL IMPACT/FINANCING:

There is no fiscal impact associated with this action since fees paid are contingent upon the amount of monies recovered. Approval of this action will allow the Director to increase the percentage of contingency fees paid for TPRIRS to a percentage rate no greater than 25% during the agreement term.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On June 1, 1999, the Board approved an Agreement for TPRIRS with USCB.

On February 12, 2002, the Board approved Amendment No. 1 to the Agreement with USCB adding a provision to exclude Medi-Cal cost reporting settlements from the basis on which USCB is paid.

On April 1, 2003, the Board approved Amendment No. 2 to the Agreement to extend the term through June 30, 2006, and add a provision for USCB to provide Medicare Bad Debt Recovery Services at County facilities.

On March 18, 2003, USCB and DHS agreed to execute Amendment No. 3 to add a provision for Contractor's Obligations as a Business Associate under the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

On June 29, 2004, the Board approved Amendment No. 4 which amended the Child Support Program and Contractor Responsibility and Debarment provisions, added language to allow the Director to negotiate new contingency fee rates over the term of the Agreement limited to a maximum of 7% of the health care plan and commercial insurance revenue received as a result of Health Care Plan and Commercial Insurance Billing Services.

On April 20, 2005, the Department exercised its delegated authority, approved by the Board on January 7, 2003, to amend the HIPAA language in the existing agreement (Amendment No. 5).

Amendment No. 6 will allow the Director to negotiate contingency fee rates paid to USCB, to an amount no greater than 25%, for GAP billing and for the other various third party billing programs. GAP billing will be performed under this agreement as a safety net service after the County's or its vendor's best efforts. In addition, the Department is requesting approval to replace the existing agreement with a new USCB Agreement, effective July 1, 2006 through June 30, 2007, with four one-year automatic renewals through June 30, 2011.

County Counsel has approved the attached Exhibit I as to form

Attachment A provides additional information.

CONTRACTING PROCESS:

USCB was selected as a result of a solicitation process in June 1, 1999 to provide primary TPRIRS services to County facilities. It is not appropriate to advertise amendments on the L.A. County Online Countywide Website as a contract/business opportunity.

USCB has extensive knowledge, experience, and existing systems in place to effectively perform TPRIRS at the level and speed required for successful reimbursement. USCB has become an integral part of generating revenue for DHS. It is in the best interest of the County to renew the existing agreement with USCB for provision of TPRIRS to ensure TPRIRS revenues are maximized.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of this amendment will ensure TPRIRS provided by USCB will continue uninterrupted.

The Honorable Board of Supervisors
December 1, 2005
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When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas L. Garthwaite".

Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:rm
BLTCD4043.RM.wpd

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

SUMMARY OF AGREEMENT

1. **TYPE OF SERVICE:**

Financial management and consulting services.

2. **AGENCY ADDRESS AND CONTACT PERSONS:**

USCB, Inc,
125 South Vermont Avenue
Los Angeles, California 90004
Attention: Thomas L. Isgrigg, Vice President
Telephone: (213) 387-6181

3. **TERM:**

Effective on the date of Board approval through June 30, 2007.

4. **FINANCIAL INFORMATION:**

There is no fiscal impact associated with this action since fees paid are contingent upon the amount of monies recovered. Approval of this action will allow the Director to increase the percentage of contingency fees paid for TPRIRS to a percentage no greater than 25% during the agreement term.

5. **GEOGRAPHIC AREAS SERVED:**

Countywide.

6. **ACCOUNTABLE FOR MONITORING:**

Patricia Adams, Chief, Revenue Management, Department of Health Services

7. **APPROVALS:**

Director of Finance:	Gary W. Wells
Contracts and Grants Division:	Cara O'Neill, Chief
County Counsel (approval as to form):	Robert E. Ragland, Senior County Counsel

Exhibit I

Contract No. H210552-6

AGREEMENT FOR
THIRD-PARTY RESOURCE IDENTIFICATION AND RECOVERY SERVICES

AMENDMENT NO. 6

THIS AMENDMENT is made and entered into this _____ day
of _____, 2005,

by and between COUNTY OF LOS ANGELES (hereafter
"County"),

and USCB, INC. (hereafter "Contractor")

WHEREAS, reference is made to that certain document entitled
"AGREEMENT FOR THIRD-PARTY RESOURCE IDENTIFICATION AND RECOVERY
SERVICES" (hereafter "TPRIRS"), dated June 1, 1999, and further
identified as County Agreement No. H-210552, and Amendments Nos.
1 through 5 thereto (all hereafter "Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend
Agreement to negotiate the contingent fee paid for Medi-Cal
Managed Care Billing and make other hereafter described changes;
and

WHEREAS, said Agreement provides that changes may be made in
the form of a written amendment which is formally approved and
executed by the parties.

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall be effective on the date of
approval by County's Board of Supervisors ("Board").

2. Subject to the termination provisions of the Agreement, this Agreement shall continue in full force and effect to and including June 30, 2006.

3. Exhibit A, Paragraph 7. A - PROVISION OF PAYMENT, shall be amended to the Agreement to read as follows:

"A. The aggregate fee payable to Contractor with respect to the various third party programs' (i.e. Medi-Cal, Medicare, commercial insurance, managed care, and incremental Medicare bad debt payments), payments obtained by the County as a consequence of Exhibit A - Statement of Work, Paragraph 5, for TPRIRS, shall be negotiated by Contractor and Director, and mutually agreed to in writing, beginning at twelve and one-half percent (12.5%), but shall not exceed greater than twenty-five percent (25%) of those third party program payments received by County during the term of this Agreement."

4. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services, and Contractor has caused this
Amendment to be subscribed in its behalf by its duly authorized
officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Thomas L. Garthwaite, M.D.
Director and Chief Medical
Officer

USCB, INC. _____
Contractor

By _____
Signature

Print Name

Title _____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL
Raymond G. Fortner
COUNTY COUNSEL

APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By _____
Cara O'Neill, Chief
Contract and Grants Division

rm:09/29/05